

HEALTH SERVICES AND DEVELOPMENT AGENCY
MINUTES
JANUARY 23, 2008

AGENCY MEMBERS PRESENT

Koella, Carl, III, Chair
Atchley, Bryan, Vice Chair
Caldwell, Gene, M.D.
Gaither, Keith, designee for the TennCare Director
Handorf, Charles, M.D.
Jones, Clark
Lammert, Gregory
Morris, John, designee for the Commissioner of Commerce and Insurance
Troy, Peggy
Weaver, Faye, designee for the Comptroller of the Treasury

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Bobbitt, Melissa, Administrative Services Assistant III
Brogden, Reid, General Counsel
Christoffersen, Jim, Deputy General Counsel
Craighead, Alecia, Statistical Analyst III
Farber, Mark, Assistant Executive Director
Finchum, Rhonda, Office Manager

GUESTS PRESENT

Alford, Robert H., M.D.
Aschner, Judy, M.D., Chief of Neonatology, MCJCH
Atkinson, Ralph, M.D, COS, Centennial Medical Center
Beck, Warren, VP Finance for Clinical Enterprise, MCJCH
Billups, Rocky, Oncology Services, Centennial Medical Center
Blair, Ron, Surgery Center Services of America
Bolton, Keith, Clarksville Surgery Center
Brawley, Carrie
Brent, Michael D., Esq., Boulton, Cummings, Connors & Berry
Brock, John, M.D., Surgeon in Chief, MCJCH
Brown, Dere, NHC
Brunsting, Louis, M.D.
Carter, Jason, Department of Mental Health and Developmental Disabilities
Casey, Pamela, Bass, Berry & Sims
Casseri, Amy, Associate Hospital Director, Community and Business Development, MCJCH
Casteel, Lisa, CFO, Henry County Medical Center
Chescheir, Nancy, M.D., Chairperson, Obstetrics and Gynecology, MCJCH
Churchwell, Kevin, M.D., CEO, MCJCH
Coleman, Pat, Maury Regional Hospital
Coleman, Shannon
Corritore, Danell, Department of Health
Culp, Joe, Department of Health

Czamik, John
 Day, Edwin
 Dearing, Jim, HCA
 Dietz, Dustin, Centennial Medical Center
 Drumwripher, Jim, Centennial Medical Center
 Duffy, Catherine, CNO, Centennial Medical Center
 Dutton, Gerald
 Elrod, Dan H., Esq., Miller & Martin
 Farmer, Rachel, M.D.
 Felts, Ginna, Planning Associate, Strategic Development, MCJCH
 Fitch, Patrick, M.D.
 Frank, Mary, Memphis Center for Reproductive Health, Inc.
 Fultz, Karen, CFO, Tennessee Orthopaedic Alliance, P.A.
 Gannoway, Phillip, M.D.
 Gee, Thomas H., CEO, Henry County Medical Center
 Gibson, David, M.D., St. Thomas Health Services
 Givens, Pat, Associate Hospital Director/CNO, MCJCH
 Gooch, Warren, Esq., Kramer Rayson
 Hain, Paul, M.D., Pediatric Hospitalist, MCJCH
 Herron, Tom, Centennial Medical Center
 Hill, Ronald, Vanderbilt University Hospital
 Houchin, Barbara, St. Thomas Health System
 Huggins, Mike
 Hunt, Edward, M.D.
 Joers, Barbara, Associate Hospital Director for Operations, MCJCH
 Jones, Alan, Centennial Medical Center
 Karpos, Phillip, M.D., President, Tennessee Orthopaedic Alliance, P.A.
 Kleinrichert, Justine, Director Financial Services
 Lake, Victoria
 Lambert, Tod, Service Line Executive, St. Thomas Health Services
 Long, Michelle, THA
 Lucchesi, Jane, Memorial Health Care System
 Madewell, Jennifer, Department of Finance & Administration
 Martin, Peter, Monroe Carell Jr. Children's Hospital
 McKay, Charles, M.D.
 Merville, LaDonna, HAT
 Moore, Elliott, Mountain States Health Alliance
 Moseley, Susan, Director Clinical Improvement, MCJCH
 Ockerman, Jeff, Director of Health Planning, Department of Finance & Administration
 Omdorff, Kevin, Cardiac Services, Coordinator, Centennial Medical Center
 Parrish, Jeff, Tennessee Health Management
 Penny, Linda, Comptroller's Office
 Philpott, Cathy, Centennial Medical Center
 Poland, Gary, MRI Director, Tennessee Orthopaedic Alliance, P.A.
 Poling, Becki, Department of Mental Health and Developmental Disabilities
 Poling, Rodney A., M.D.
 Polk, Brent, M.D., Interim Chairperson of Pediatrics, MCJCH
 Ralls, Tammy, Centennial Medical Center
 Rankin, Scott, M.D.
 Reid, Wayne, Centennial Medical Center
 Rinehart, Jessica
 Rungee, Jim, M.D.
 Rush, Meg, M.D., Chief of Staff, MCJCH
 Russell, R.F., THCA
 Slingerland, Mickey, CEO, Centennial Medical Center

HEALTH SERVICES AND DEVELOPMENT AGENCY

JANUARY 23, 2008 MEETING

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Smith, Denny, Administrator, Camden General Hospital
Stall, Edward, Health Care Concepts Group
Stephens, Charles, State Methadone Authority, Department of Mental Health and Developmental Disabilities
Stephenson, Kate, Esq., Trauger & Tuke
Storey, Shelli, Centennial Medical Center
Summers, David, CFO, Centennial Medical Center
Taylor, Jerry W., Esq., Farris, Mathews, Branan, Bobango, Hellen & Dunlap, PLC
Thompson, Ann R., RN, BSN, MBA, Director of Licensure, Department of Health
Trauger, Byron R., Esq., Trauger & Tuke
Tyus, Elizabeth, RN
Vogt, Bob
Wade, Steve, Executive Director, Tennessee Orthopaedic Alliance, P.A.
Wellborn, John, Development Support Group
West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz
Westenhofer, Steve, CEO, Volunteer Community Hospital
Williams, Pam, Maury Regional Hospital
Winkler, Carol, Cardiac Services, Centennial Medical Center
Tumlin, Richard, Assoc Administrator, Centennial Medical Center
Drumwright, Jim, Cardiac Services, Centennial Medical Center
Young, Steve, M.D.

Chairman Koella, called the meeting to order at 8:30 a.m. in the Meeting Rooms D-G of The Sommet Center, Nashville, Tennessee.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, announced that the February Meeting has been moved from the AT&T Tower to the Sommet Center.

OTHER BUSINESS

- 1) Mr. Koella presented an overview of the procedure that will be used when the Agency reviews the initial order in the Spring Hill Hospital appeal.
- 2) State Health Plan – Jeff Ockerman, Director of Health Planning, Department of Finance & Administration discussed the status of development of a state health plan.

CONSENT CALENDAR

Melanie Hill summarized the following Consent Calendar application:

Camden General Hospital, Inc. - (Camden, Benton County) - Project No. CN0711-082

The initiation of mobile magnetic resonance imaging (MRI) services one (1) day per week. Services will be provided through a service agreement with Alliance Imaging, Inc. The number of licensed beds will remain at 25. Project Cost \$515,419.00.

Dan Elrod, Esq., representing the applicant, addressed the Agency. Present on behalf of the project were Denny Smith, Administrator and Victoria S. Lake, Director, Market Research, Jackson-Madison County General Hospital District.

Dr. Handorf moved for approval of the project based on: 1) Need – The need for MRI services has been previously established by the granting of the prior CON. By utilizing a mobile service one (1) day a week, this technology will become available to a rural underserved area; 2) Economic Feasibility – The funding is in place through the cash reserves of the parent company, Jackson-Madison County General Hospital District; and 3) The project does contribute to the orderly development of adequate and effective health care as the applicant is a significant TennCare provider. The project makes MRI services available to an underserved

county where a significant portion of the population is below the Federal poverty level. Ms. Weaver seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Gaither, Jones, Koella
NAY: None

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON applications:

Behavioral Healthcare Center at Columbia - (Columbia, Maury County) - Project No. CN0709-071

The establishment of a sixteen (16) bed mental health hospital and the initiation of inpatient psychiatric services focused on the geriatric population. All sixteen (16) beds will be designated as geriatric psychiatric beds. The facility will be licensed by the Department of Mental Health and Developmental Disabilities. Project Cost \$4,041,072.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency.

Becki Poling, Director of Hospital Services, Department of Mental Health and Developmental Disabilities, responded to questions from the Agency members.

Gerald Dutton, Jeff Parrish, Dr. Rodney Poling and Carrie Brawley were present on behalf of the project.

Ms. Troy moved for approval of the project based on: 1) Need – There is a need; 2) Economic Feasibility – The project is financially feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. **CONDITION: All sixteen (16) beds must be designated as geriatric psychiatric beds.** Mr. Atchley seconded the motion. The motion CARRIED [10-0-0]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Gaither, Jones, Koella
NAY: None

Midsouth Treatment Center - (Dyersburg, Dyer County) - Project No. CN0710-074

The establishment of a non-residential methadone treatment facility. It is a private, for profit outpatient clinic without state, federal or local funding. It will serve the adult population of Dyersburg, TN and surrounding counties. Project Cost \$108,400.00.

Byron Trauger, Esq., representing the applicant, addressed the Agency. Rachel Farmer, M.D. and Elizabeth Tyus, R.N. spoke on behalf of the project.

Charles Stephens, Department of Mental Health and Developmental Disabilities, responded to questions from the Agency members.

Ms. Troy moved for approval of the project based on: 1) Need – There is a need; 2) Economic Feasibility – The project is financially feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Ms. Weaver seconded the motion. The motion CARRIED [8-0-2]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Gaither
NAY: None
ABSTAINED: Jones, Koella

Ms. Troy recused.

Monroe Carell Jr. Children's Hospital at Vanderbilt - (Nashville, Davidson County) - Project No. CN0710-075

The expansion of the existing Monroe Carell Jr. Children's Hospital (MCJCH) through an adjacent building connected to the existing hospital. The expansion will provide 90 additional pediatric acute critical care beds, 36 neonatal intensive care beds (16 relocated), and an expanded obstetrical service including 36 relocated postpartum beds, 12 new antepartum beds, 16 labor and delivery suites (12 relocated), 2 relocated operating rooms and 1 new obstetric operating room. Five pediatric operating rooms are proposed on the third floor which will also contain 5 additional shelled operating rooms to accommodate continued growth. MCJCH is not licensed separately from Vanderbilt University Hospital (VUH). VUH's licensed bed capacity will increase from 946 to 1,051. Project Cost \$248,326,286.00.

Ronald W. Hill, Vice President, Strategic Development and Kevin Churchwell, M.D., CEO, MCJCH spoke on behalf of the project. Dan Elrod, Esq., representing the applicant, addressed the Agency. Present in support of the project were: Judy Aschner, MD Chief of Neonatology; Nancy Chescheir, M.D., Chairperson, Obstetrics and Gynecology; John Brock, M.D., Surgeon in Chief; Paul Hain, M.D., Pediatric Hospitalist; Meg Rush, M.D., Chief of Staff; Brent Polk, M.D., Interim Chairperson of Pediatrics; Barbara Joers, Associate Hospital Director for Operations; Pat Givens, Associate Hospital Director/CNO; Amy Casseri, Associate Hospital Director, Community and Business Development; Justine Kleinrichert, Director Financial Services; Warren Beck, VP Finance for Clinical Enterprise; Ginna Felts, Planning Associate, Strategic Development; and Susan Moseley, Director Clinical Improvement.

Dr. Caldwell moved for approval of the project based on: 1) Need – The need is evident by the increased demand for the services as the hospital has just opened; 2) Economic Feasibility – The project is economically feasible through cash reserves of the parent company; and 3) The project does contribute to the orderly development of adequate and effective health care as this will bring much needed tertiary care to not only the Middle Tennessee area but to the State and beyond. **CONDITION: The expiration date is extended to six (6) years.** Mr. Atchley seconded the motion. The motion CARRIED [8-0-1]. **APPROVED**

AYE: Morris, Lammert, Caldwell, Atchley, Weaver, Gaither, Jones, Koella

NAY: None

ABSTAINED: Handorf

+ Simultaneous Review Applications Henry County Medical Center - (Paris, Henry County) - Project No. CN0710-076 and Volunteer Community Hospital - (Martin, Weakley County) - Project No. CN0710-081

Presentations

+ Henry County Medical Center - (Paris, Henry County) - Project No. CN0710-076

The initiation of cardiac catheterization services and the acquisition of major medical equipment. The services will be provided pursuant to an "under arrangement" services agreement with Vascular Lab of Paris, LLC, a Tennessee limited liability company, with ownership consisting of Henry County Hospital District and physicians on the medical staff at Henry County Medical Center (HCMC). Vascular Lab of Paris, LLC will acquire and make upgrades to the existing vascular lab equipment at HCMC, and lease the same to HCMC for the cardiac catheterization services. All services will be purchased by HCMC from Vascular Lab of Paris, LLC and billed under HCMC's provider number and its hospital license. There are no inpatient beds involved in this project. Volunteer Community Hospital CN0710-081 seeks simultaneous review with this project. Project Cost \$1,592,219.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Dr. David Gibson, St. Thomas Health Services; Tod Lambert, Service Line Executive, St. Thomas Health Services; Thomas H. Gee, CEO; and Lisa Casteel, CFO.

William West, Esq., representing Volunteer Community Hospital, withdrew its opposition.

+Volunteer Community Hospital - (Martin, Weakley County) - Project No. CN0710-081

The initiation of cardiac catheterization services, utilizing new modifications to existing Philips angiographic equipment to provide only diagnostic cardiac catheterization procedures. This project seeks simultaneous review with Henry County Medical Center, CN0710-076. Project Cost \$530,072.00.

William West, Esq., representing the applicant, addressed the Agency. Dr. Steve Young, and Steve Westenhofer, CEO, spoke on behalf of the project.

Dan Elrod, Esq., representing Jackson-Madison County General Hospital withdrew opposition if stipulations were met.

Summations

Mr. Taylor provided summation for Henry County Medical Center.

Mr. West provided summation for Volunteer Community Hospital.

Motions

Henry County Medical Center

Mr. Jones moved for approval of the project based on: 1) Need – The need as presented in the application; 2) Economic Feasibility – The project is fiscally responsible based on materials presented; and 3) The project does contribute to the orderly development of adequate and effective health care. **Condition: (1) Cardiac catheterization is limited to diagnostic catheterizations only, for patients who qualify for the procedure in settings without cardiac surgery in accordance with criteria developed by the American College of Cardiology/Society for Cardiac Angiography and Interventions.** Mr. Lammert seconded the motion. The motion FAILED [5-5-0]. **DENIED**

AYE: Lammert, Atchley, Gaither, Jones, Koella

NAY: Morris, Troy, Caldwell, Handorf, Weaver

Prevailing Vote: Dr. Handorf – The project does not meet the stated criteria of need in terms of volume.

(1) Cardiac catheterization is limited to diagnostic catheterizations only, for patients who qualify for the procedure in settings without cardiac surgery in accordance with criteria developed by the American College of Cardiology/Society for Cardiac Angiography and Interventions; and (2) Volunteer commits to a transfer agreement with Jackson-Madison for those cath patients who develop a need for surgical intervention.

Volunteer Community Hospital

Mr. Atchley moved for approval of the project based on: 1) Need – The need is there as the numbers are met as stated in the criteria; 2) Economic Feasibility – The project is economically feasible by using the existing space; and 3) The project does contribute to the orderly development of adequate and effective health care by providing these services in the area. **Condition: Cardiac catheterization is limited to diagnostic catheterizations only, for patients who qualify for the procedure in settings without cardiac surgery in accordance with criteria developed by the American College of Cardiology/Society for Cardiac Angiography and Interventions; and (2) Volunteer commits to a transfer agreement with Jackson-Madison for those cath patients who develop a need for surgical intervention.** Mr. Jones seconded the motion. The motion CARRIED [9-1-0]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Atchley, Weaver, Gaither, Jones, Koella

NAY: Handorf

Mr. Jones left meeting.

Ms. Troy, Mr. Lammert and Dr. Handorf recused.

Memphis Center for Reproductive Health, Inc. - (Memphis, Shelby County) - Project No. CN0710-077

The relocation of an existing ambulatory surgery treatment center (ASTC) consisting of two (2) procedure/exam rooms from 1462 Poplar Avenue to 1724-1734 Poplar Avenue, Memphis (Shelby County), TN. Project Cost \$1,065,000.00.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Mary Frank was present on behalf of the project.

Ms. Weaver moved for approval of the project based on: 1) Need – The need requirements are met; 2) Economic Feasibility – The project is economically feasible; and 3) The project continues to contribute to the orderly development of adequate and effective health care. Mr. Morris seconded the motion. The motion CARRIED [5-1-0]. **APPROVED**

AYE: Morris, Caldwell, Atchley, Weaver, Gaither

NAY: Koella

Clarksville Eye Surgery Center - (Clarksville, Montgomery County) - Project No. CN0710-078

The establishment of an ambulatory surgical treatment center (ASTC) with one (1) operating room in leased space in a commercial building to be developed near the future Gateway Medical Center in Clarksville (Montgomery County), TN on an unaddressed site on the south side of Dunlop Lane. The ASTC will be limited to ophthalmic and ophthalmic plastic surgery procedures. Project Cost \$2,306,421.00.

Patrick Fitch, M.D., addressed the Agency. Present on behalf of the project were: Phillip Gannoway, M.D.; Ron Blair, Surgery Center Services of America; and John L. Wellborn, Consultant.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is established by the patient volume; 2) Economic Feasibility – The project is economically feasible with a facility lease and commercial loan; and 3) The project does contribute to the orderly development of adequate and effective health care as the physicians are TennCare providers and the center is properly licensed. Mr. Lammert seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Gaither, Koella

NAY: None

Centennial Medical Center - (Nashville, Davidson County) - Project No. CN0710-079

The renovation and expansion of patient care and support areas, to add major medical equipment, the addition of fifty-one (51) licensed medical/surgical beds. This project will increase beds from 606 to 657 acute care beds. Upon licensure of the fifty-one (51) beds Centennial Medical Center's parent company, HCA, will cause delicensure of an equal number of beds at HCA's Skyline Medical Center--Madison campus in Davidson County, reducing Skyline's authorized hospital beds at that campus from 264 to 213, reducing Skyline's authorized consolidated licensure at both of its campuses from 467 to 416 total. The major medical equipment added in the project consists of one (1) angiography-equipped operating room and one (1) Cyberknife unit for stereotactic radiosurgery. Project Cost \$143,071,343.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Speaking on behalf of the project were: Tom Herron, CEO; David Summers, CFO; Edward Hunt, M.D.; John Wellborn, Consultant; and Rocky Billups, Oncology Services. Present were: Louis Brunsting, M.D.; Mickey Slingerland, CEO; Catherine Duffy, CNO; Kevin Omdorff, Cardiac Services, Coordinator; Ralph Atkinson, M.D, COS; Charles McKay, M.D.; Scott Rankin, M.D.; and Edward Stall, Health Care Concepts Group.

Ms. Troy moved for approval of the project based on: 1) Need – There is a need; 2) Economic Feasibility – The project is economically feasible; and 3) The project does contribute to the orderly development of adequate and effective health care. Mr. Atchley seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

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AYE: Morris, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Gaither, Koella
NAY: None

Tennessee Orthopaedic Alliance, P.A. - (Murfreesboro, Rutherford County) - Project No. CN0710-080

The relocation of an existing magnetic resonance imaging (MRI) service and equipment from 1010 North Highland Ave., Murfreesboro (Rutherford County), TN 37130 to it's new office location at 1800 Medical Center Parkway, Suite 100, Murfreesboro (Rutherford County), TN 37129. Project Cost \$1,320,000.00.

Jerry W. Taylor, Esq., representing the applicant, addressed the Agency. Dr. Phillip Karpos, President, spoke on behalf of the project. Present were: Steve Wade, Executive Director; Karen Fultz, CFO; and Gary Poland, MRI Director.

Dr. Handorf moved for approval of the project based on: 1) Need – The need is established through the current use; 2) Economic Feasibility – The project is economically feasible due to cash reserves and operating lease; and 3) The project does contribute to the orderly development of adequate and effective health care as these physicians are TennCare providers. Ms. Weaver seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Gaither, Koella
NAY: None

GENERAL COUNSEL'S REPORT

Reid Brogden summarized the following request for modifications:

Maury Regional Hospital - (Columbia, Maury County) - Project No. CN0210-103A

Request to increase mobile positron emission tomography (PET) services from one (1) day to three (3) days per week. This project was approved at the January 22, 2003 meeting for the initiation of mobile PET services one (1) day per week at the hospital.

Dan H. Elrod, Esq., representing the applicant, addressed the Agency. Pam Williams spoke on behalf of the project. Edwin W. Day, Consultant was present.

Ms. Troy moved for approval of the request to increase the PET services from one (1) to three (3) days per week. Mr. Atchley seconded the motion. The motion CARRIED [9-0-0]. **APPROVED**

AYE: Morris, Troy, Lammert, Caldwell, Atchley, Handorf, Weaver, Gaither, Koella
NAY: None

MINUTES

The minutes of the December 12, 2007, meeting were accepted by unanimous voice vote.

ADJOURNMENT

There being no further business, the meeting adjourned.



Melanie M. Hill, Executive Director